



Irish Life

EMPOWERING RETIREMENT

April 2016

A blurred background collage consisting of two images: on the left, a close-up of a person's arm with a tattoo; on the right, a digital screen displaying a financial chart with a blue line graph, red markers, and a yellow arrow pointing upwards.

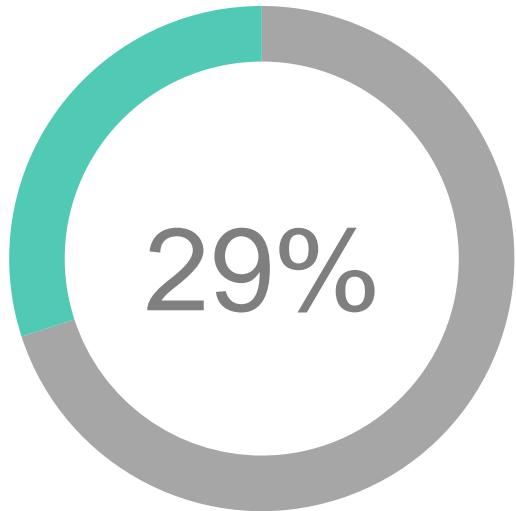
@irishlife cb #beyondthe29%



Irish Life

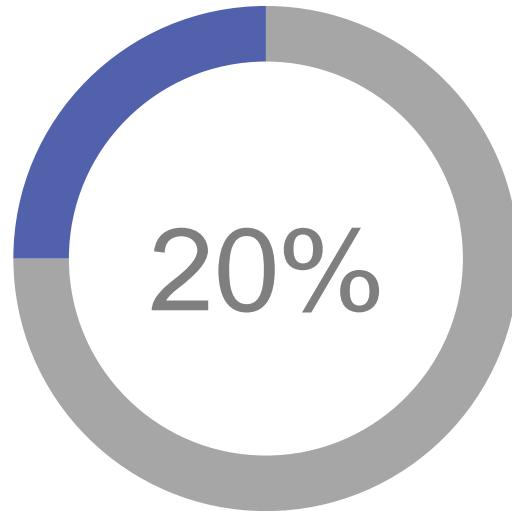
Introducing: Matt Cooper

Journalist, Author, Presenter & Conference Chair



Cost of living

Only 29% of people know how much they'll need to live on in retirement



What to save

Over a fifth don't know what they save into their pension

McKinsey 2015 Report



Holistic view of households likely incomes in retirement – taking into account non-pension assets



Current system effective at preventing poverty - Poverty rate in retirement stands at 6.9%, lower than most large OECD countries and overall population (8.4%)



Most households that are not on track to retire without significant adjustment are mid to high-income and do not participate in a pension plan



State pension is unsustainable; before recent eligibility changes, deficit projected to stand at 35% of benefits in 2035 - Similar sustainability challenge with public sector pensions



Increasing longevity

Lower birth rate since
1980's

5 Workers per pensioner currently,
projected to become 2 workers per
pensioner by 2050

* Projected that
State pension will
become
unsustainable in
its current form
due to
demographics

Age payable
rising and
eligibility
conditions
tightening

€12,132 per annum - good baselines and generous
by international standards

Today's agenda



1. EMPOWERING RETIREMENT

Damian Fadden



2. EMPOWERING BETTER OUTCOMES

Sean Egan



3. INVESTMENT CHOICES TO MAXIMISE YOUR PENSION POT

Eoin Keating



4. TURNING YOUR PENSION POT INTO INCOME

Gerry Hassett



5. A GOOGLE CASE STUDY

Susanne Whyte



Irish Life

1. EMPOWERING RETIREMENT

Damian Fadden



@irishlifecb #beyondthe29%

Taking stock

RETIREMENT READINESS DEPENDS HEAVILY ON STATE PENSION

AND IS POOR FOR MIDDLE AND HIGHER EARNERS

PRIVATE PENSION PROVISION HAS TO TAKE THE STRAIN

DB IS WINDING DOWN, SO DC IS WHERE IT'S AT

IS DC READY TO STEP UP?

Ready to Step Up?



Only 29% of people know how much they'll need to live on in retirement



Only half of people are in a pension plan



Average contribution rate is only 10%



Average starting age in a workplace pension is mid-30s

What success looks like?

Far more people in the system

Starting early

Having a plan

Saving enough

Investing wisely to balance risk, return and timeframe

Reviewing progress towards goals

Making sensible decisions at retirement



Who can fix this?



ULTIMATELY RESPONSIBILITY IS PERSONAL IN A POST-DB WORLD



IT MAKES GOOD BUSINESS SENSE FOR EMPLOYERS TO PLAY THEIR ROLE

PROBLEMS ARE SOLUBLE IF EMPLOYERS AND PROVIDERS WORK WELL TOGETHER



The Employer Perspective

Employers are in a key position to influence

Plenty of effort:

- Compulsory membership
- Generous / match contribution
- Communications initiatives
- Integration with financial / health + wellness

But only a subset of employees “get it”



The Provider Perspective

GOOD WORK DONE, BUT...



Communication is complex, regulatory focus

Inconsistent presentation across platforms

Constant tinkering, over-focussed on features

Engagement programmes are labour-intensive,
difficult to scale a mass solution

But only a subset of employees "get it"

EMPOWER

CLEAR EMPLOYER STRATEGY
+
CONSISTENT PLAN DESIGN
+
WORLD-CLASS PROPOSITION
+
INTEGRATED TECHNOLOGY
AND COMMUNICATIONS
= RESULTS



Nudge

*“Any aspect of the choice architecture that alters people’s behaviour *in a predictable way* without forbidding any options or significantly changing economic incentives...”*

Choices are not mandated, and are cheap and easy to avoid.

NEW INTERNATIONAL EDITION

‘Hot stuff’
SUNDAY TIMES

‘Hugely influential’
GUARDIAN



Improving decisions
about health,
wealth and happiness

THALER & SUNSTEIN



The Power of One

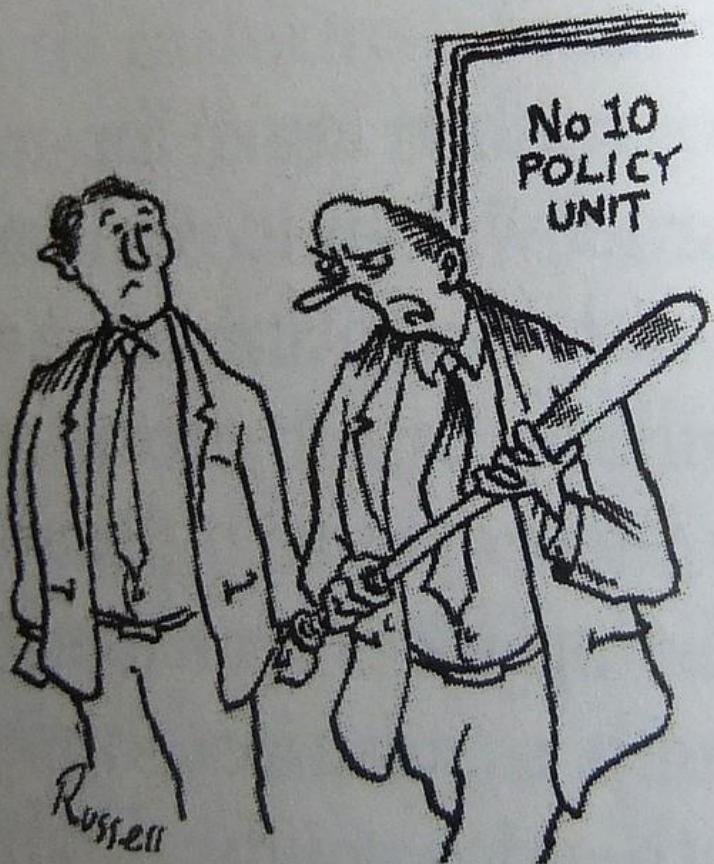


**Take the
stairs...**

It takes about 1
minute to walk to
the ground floor!



Time to stand!
Stand up and
move a little for
one minute.



“‘Nudge’ doesn’t work. Time for ‘clobber’”

What success looks like?

Far more people in the system

Starting early

Having a plan

Saving enough

Investing wisely to balance risk, return and timeframe

Reviewing progress towards goals

Making sensible decisions at retirement



EMPOWER

Look forward, not backward
– progress towards outcomes.

Consistency in message across platform.

Integrate into employer strategy and systems – deliver real value for everyone.

Memory / patterns / behaviours => insight.

Short term, simple messages.

Effective communication using great technology.

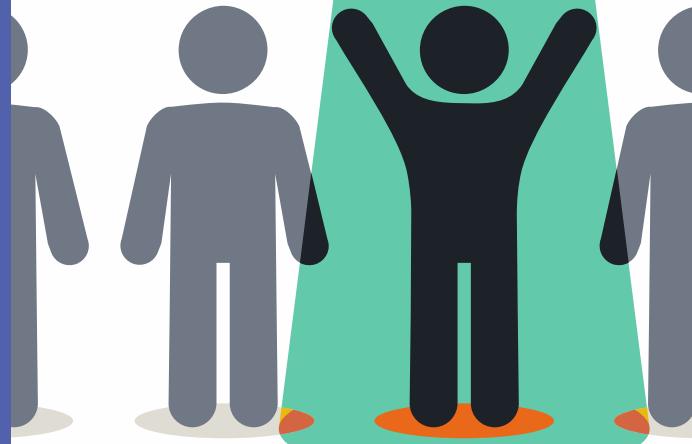
Insights for employers

Why are we doing this?

- Attract/retain?
- Paternal instinct?
- Workforce management?
- Reputation?
- Culture?

How can I get started?

- Agree goals
- Reflect in benefit design
- Create conditions for success



Conclusion

Enlightened plan design
and great delivery:

Employees start early and getting on track

Employees understand their progress towards a goal they
are comfortable with

Employees reap the benefits when they retire

Employer achieves benefit strategy goals and return on
investment



Irish Life

2. EMPOWERING BETTER OUTCOMES

Sean Egan



@irishlifech #beyondthe29%

Setting the Scene

I

Technology and
Communications

II

Case Study
Examples

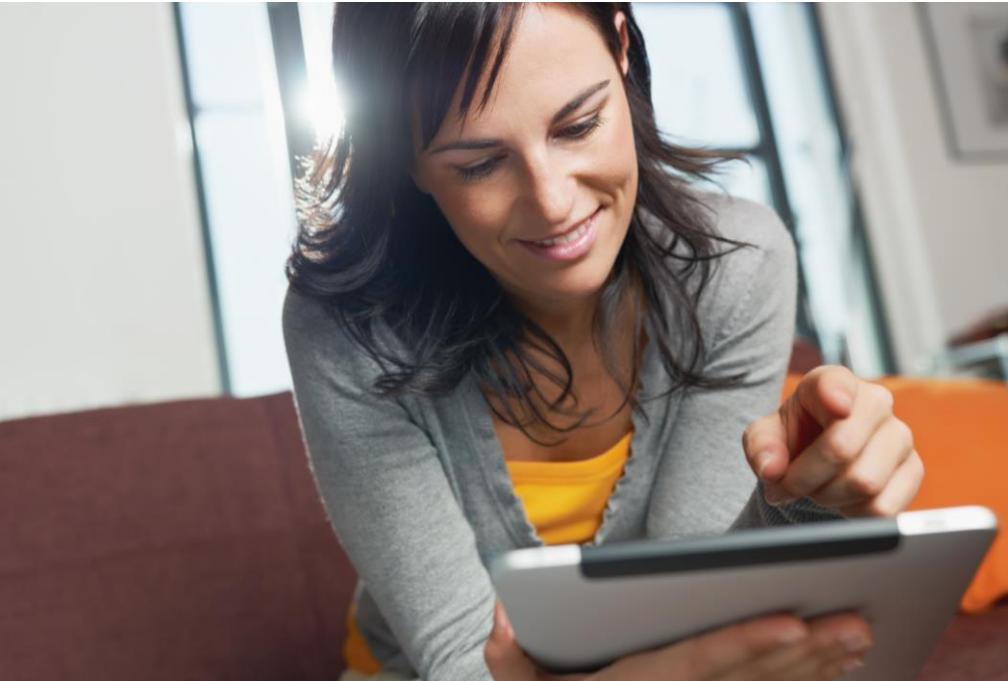
III

Delivering
Great Results

Technology and Communications



Technology and Communications



EASY TO ENGAGE



EASY TO UNDERSTAND



EASY TO TAKE ACTION

Easy To Engage



Online

iPad App

Statements

Ad Hoc

iPhone App



Member Engagement Team

Easy To Understand



The income we estimate
you will **NEED** at retirement:
€42,000pa i

Your Target
Pension
€30,000pa

State Pension
€12,000pa

The income we estimate
you will **HAVE** at retirement:
€27,000pa i

Your Estimated
Pension
€15,000pa

State Pension
€12,000pa

Your Pension Gap is
€15,000

Click below to see what effect
increasing your contribution by
€100 would have on your
pension plan

Close the Gap

Easy To Take Action



Change Your Contributions

Irish Life

John Smith, You are 57. Your current salary is €40,000 and you are contributing 18%.

Pension Plan

Investments Modify Contributions

1 Modify Contribution 2 Review 3 Confirmation

How much would you like to contribute?

Employee Contribution (EE)	7%
Additional Voluntary Contribution (AVC)	4%
Employer Contribution (ER)	7%
TOTAL CONTRIBUTIONS	18%

! will match up to 7% of your contribution. An increase above this threshold must be invested as an AVC.

If you're happy with your contributions, proceed to Step 2: Review [Proceed to Step 2](#)

How much should you contribute to your pension?

This depends on how much of a pension you want in retirement. The higher your target, the more you need to contribute. Wait the longer you leave it to start, the more difficult it will be for you to achieve your target. Our recommendation would be to aim to have an income in retirement of one-third of your salary at retirement from your pension plan.



Change Your Investment Options

Irish Life

John Smith, You are 57. Your current salary is €40,000 and you are contributing 18%.

Pension Plan

Investments Modify Contributions

My Investments > Switch Funds

1 Select Approach 2 Switch 3 Review 4 Confirmation

Please select an Investment Approach below

Be My Guide
This approach allows you to select an Investment Strategy that initially invests in riskier asset classes with good potential growth. As you approach retirement, the strategy automatically switches your fund into safer assets to help protect your pension as you approach retirement.

I'll Decide
A number of funds have been made available to you by the Trustee(s) of your scheme. This approach allows you to make active decisions about where you want your money invested.

[Be My Guide](#) [I'll Decide](#)

Please select a Fund Switch option

Switch My Current Assets & Future Contributions Switch My Current Assets only Switch My Future Contributions only

Proceed to Step 2: Switch [Proceed to Step 2](#)

Case Study Examples





Our Behavioural Approach

Positive triggers with better results

PENSION PIT STOP

99%



Our Behavioural Approach

Positive triggers with better results

SAVE MORE TOMORROW

54%



Our Behavioural Approach

Positive triggers with better results

PENSION WAIVER FORM

25%

Making It Easier for the Employer

1

We'll do the work for you – Providing Technologies that are easy for you and your employees to access.

2

It's easy to integrate your scheme into our systems.

3

We will achieve better results for your business.

A close-up photograph showing a person's hands. One hand holds a one euro coin, which is positioned above the open zipper of a dark-colored leather wallet. The background is a textured, light-colored surface.

Something Unique in the Marketplace

Imagine The Ideal Default Infrastructure

A Default Strategy will do the following for each member:



Automatically switches members funds from growth funds into lower risk funds as they get closer to retirement age



Calculate each members maximum tax free lump sum using higher of 25% or service option



Calculate retirement income options available



Takes account of individual circumstances.
Factors like:

- Age
- Salary
- Accumulated Pension Savings
- Previously accrued DB benefits



Members can override retirement target split with their own choice



Irish Life

3. INVESTMENT CHOICES TO MAXIMISE YOUR PENSION POT

Eoin Keating



What members want...

For their retirement savings, we believe members want the investment journey managed for them

Typically aiming for a Growth fund that will deliver long term growth above inflation whilst managing risk



A BIG POT OF MONEY



REASSURANCE



IRISH LIFE TO UNDERSTAND THEIR NEEDS
Our aim is to prevent them from making irrational decisions

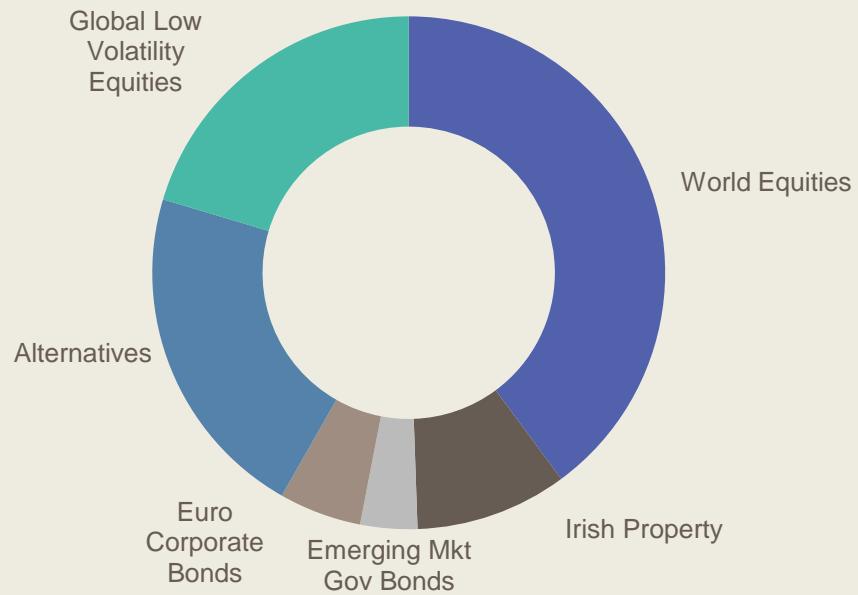


Multi Asset Balanced

Diversified mix.

Mainly using indexed strategies for equities and bonds and active for the alternatives.

Ongoing investment management and risk management applied.



Diversification

Diversify through:

ASSET CLASSES

INVESTMENT MANAGERS

INVESTMENT STRATEGIES

Increasingly indexed strategies are used for the traditional investments of equities and bonds savings the active budget for alternatives.

Asset Class

Equities

Bonds

Property

Alternatives

Sub Asset

World Equities

Emerging Market Equities

Low Volatility Equities

Government Bonds

Corporate Bonds

Emerging Market Bonds

REITS

Physical holdings

Equity/Long Short strategies

Macro & Short strategies

Tactical Fixed Income

Global Investment Managers

J.P.Morgan
Asset Management

Morgan Stanley

 Irish Life
Investment Managers

 Putnam
INVESTMENTS

GMO

AQR

PIMCO

BLACKROCK

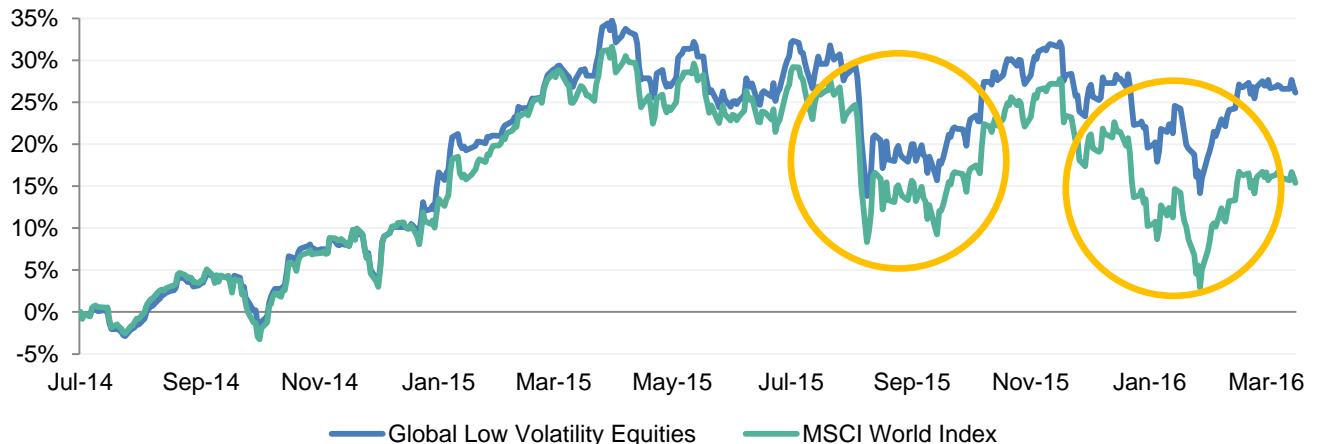
Diversification Within Asset Classes

Equities selected from MSCI World Index.

Research identifies that Low volatility stocks have delivered higher average returns than high volatility stocks.

Low Volatility Anomaly exhibited across time and regions.

STRATEGY OUTPERFORM DURING MARKET DOWNTURNS AND RECOVERS QUICKER THAN HIGHER RISK STOCKS



Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go up as well as down.

Risk Management

DYNAMIC SHARE TO CASH STRATEGY

Uses factors to identify long terms trends in equity markets and how the equity holding should be adjusted.

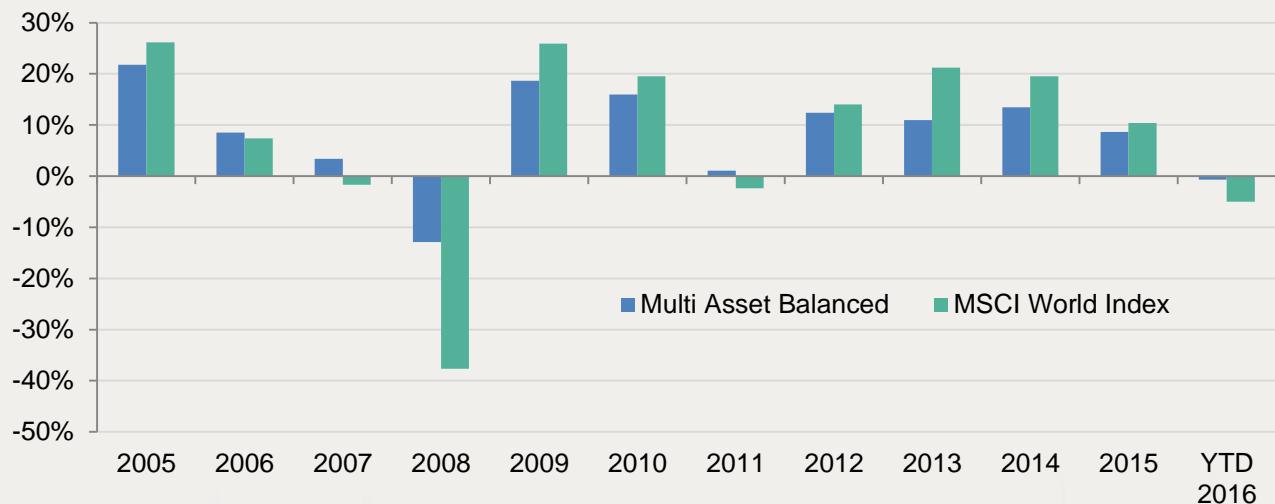
Quantitative and objective and used on a daily basis.





Smoother Journey For Members

**SIGNIFICANT
DOWNSIDE RISK
MITIGATION
WITHOUT GIVING
UP TOO MUCH OF
THE UPSIDE.**

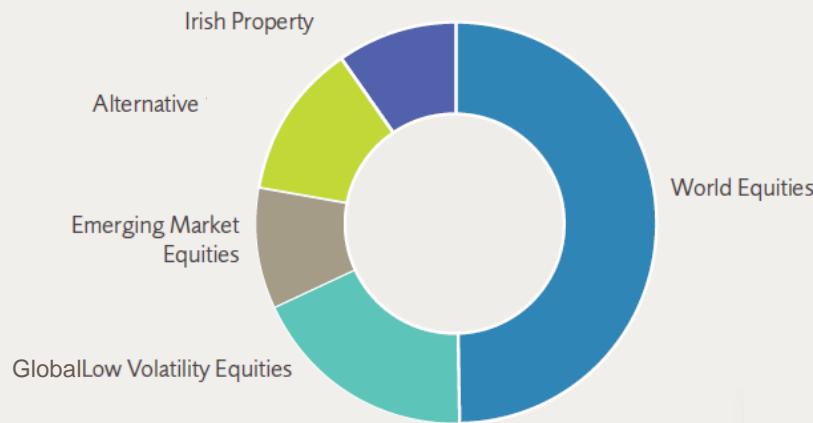


Source: Irish Life Investment Managers

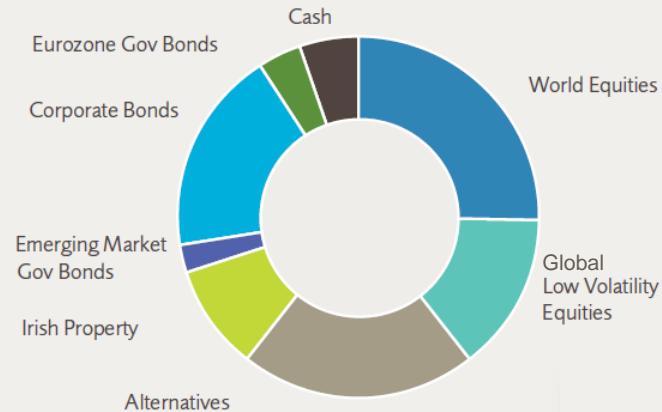
Warning: Past performance is not a reliable guide to future performance.
Warning: Pre May 2013 the returns on the Multi Asset Balanced Portfolio are estimates.

Different Risk Appetites

MULTI ASSET GROWTH PORTFOLIO



MULTI ASSET CAUTIOUS PORTFOLIO



Other versions available for the different risk appetites

Source: Irish Life Investment Managers

Members want...

Growth Fund



Aims to deliver long-term growth above inflation

30 YEARS OF AGE

Cash Fund



Aims to match Tax Free Cash requirement

Long Dated Bond Fund



Aims to match Annuity requirement

Moderate Risk Fund



Aims to match ARF requirements

65 YEARS OF AGE



Irish Life

4. TURNING YOUR PENSION POT INTO INCOME

Gerry Hassett



A photograph of a man in a dark suit and tie walking away from the viewer on a paved path through a vast, open field of dry grass under a clear blue sky.

THE RETIREMENT JOURNEY IN A DC-ONLY WORLD

We need to talk about the 'R' word.....

1.

Behavioural biases limit employee engagement and planning.

2.

Savings / Income adequacy assessment is complex.

3.

Employers unsure of their role in supporting employee retirement readiness.



'If we take a late retirement and an early death, we'll just squeak by'

DC Retirement process very different to DB



First, the good news..

Female
Age 65



50% chance of living beyond **91**



25% beyond **97**

Male
Age 65



50% chance of living beyond **87**



25% beyond **93**

Couple
Age 65



50% chance of at
least one living
beyond **94**



25% beyond **98**

Pensions 'freedom' – is it a good idea?



Pensions 'freedom' has led to immediate growth in the 4 C's



UK – recent changes:

- 1 Free access to all pension pots from age 55
 - 2 Reduction in inheritance tax on draw-down products
 - 3 Pensions-wise – Govt-led advice process for retirees
 - 4 Secondary market for annuities
 - 5 Lifetime ISA
- Self-invested funds now £12.3bn - +31% in 9 months

Which country manages decumulation well?



US

Preference for Individual Retirement Accounts / Target Dated funds Plan sponsors encouraged to develop Qualified Investment Default Alternatives (QDIA).



AUSTRALIA

20 years compulsory superannuation – now 94% pension assets in account-based pension products
Govt. concern led to new Comprehensive Income Product Replacement (CIPR) offering to include longevity risk.



CHILE

Workers required by law to contribute 10% into Pension plan
Annuities most popular choice in retirement – Insurance company offering backed by Govt. guarantees.



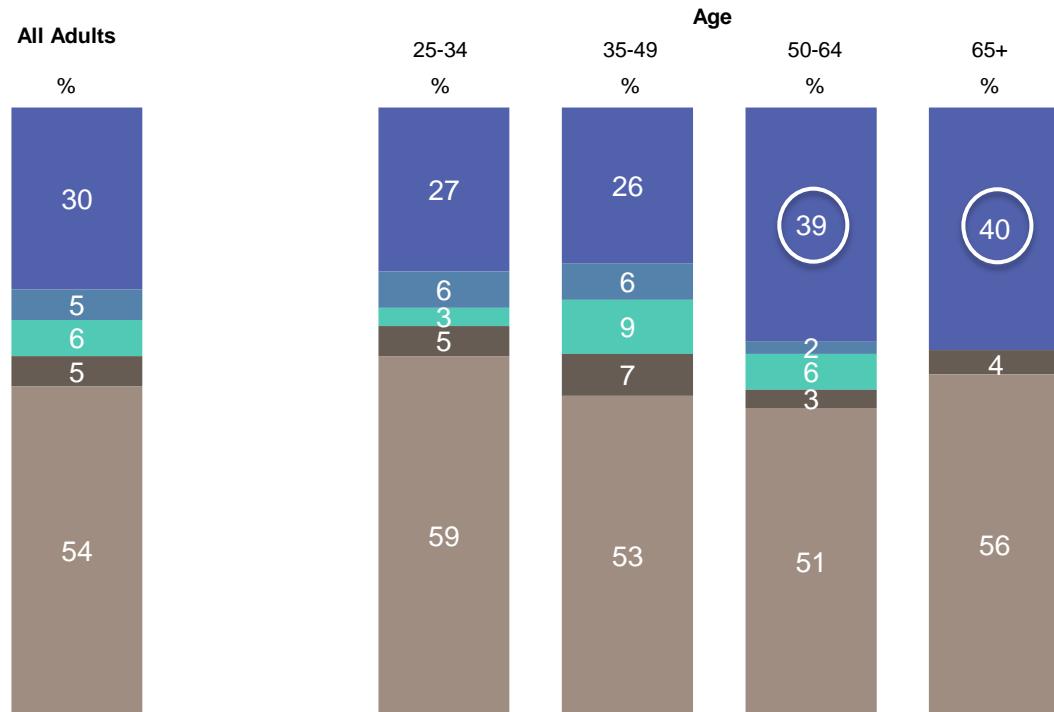
NEW ZEALAND

Kiwisaver – world's first national auto-enrolment model.

Self-managed the norm in retirement – annuity market wiped out, buy to let property very popular among retirees.

Which of the following best describes your plans for retirement?

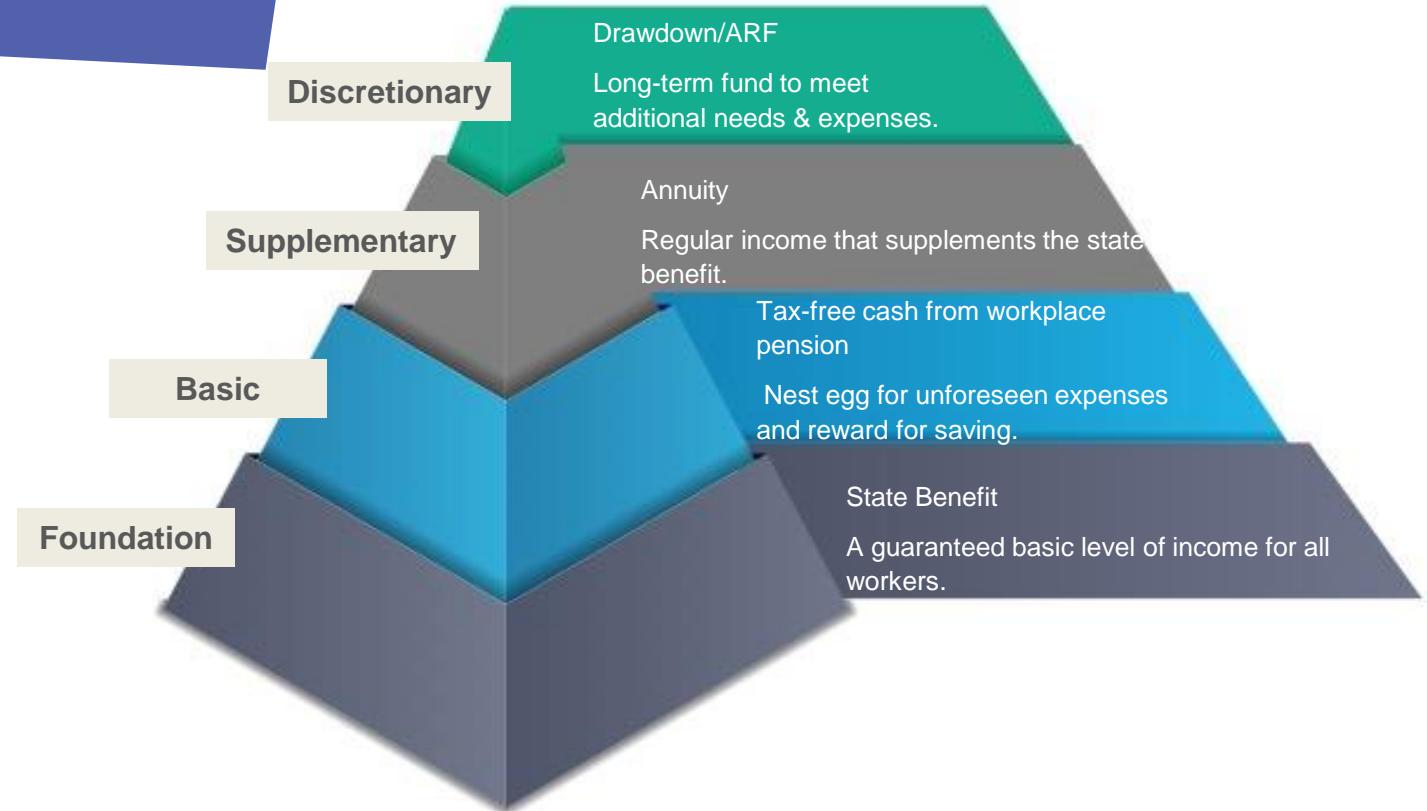
- I do not plan to retire, I will continue to work for as long as I am able
- I plan to leave my current employer or occupation & seek alternate full-time employment for at least 5 years.
- I plan to leave my current employer or occupation & seek alternate part-time employment for at least 5 years.
- I plan to continue to work with my current employer or occupation, but with reduced hours & more flexibility.
- I have no plans to work at all after retirement.



Source: Behaviour and Attitudes Customer Survey, Irish Life Financial Services (July 2015)

Best practice – Financial planning view

Hierarchy of needs in retirement



Does current Irish pension policy support a needs-led approach?



POSITIVES

All the building blocks required for an effective solution are in place:

- State pension
- Tax-free cash
- Annuity
- ARF / Drawdown

CONCERNS

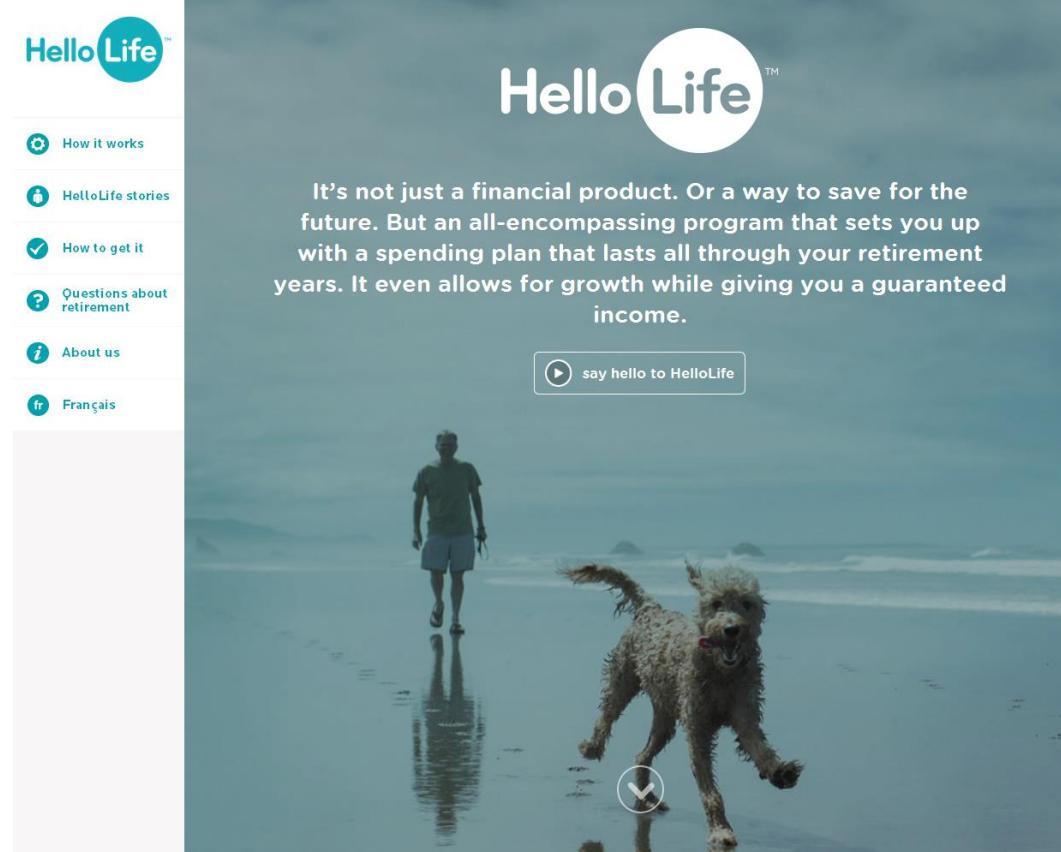
Sustainability of the State benefit a major concern

Currently, your employment status determines when you retire and which options you can access

Rules must adapt to changing lifestyles to allow employees 'ease themselves' into retirement

Upper age limits also need to be reviewed

Hello Life - Changing the retirement conversation in Canada



The image shows a screenshot of the Hello Life website. At the top left is the Hello Life logo. On the right is a large circular graphic containing the text "Hello Life™". Below the logo is a navigation menu with links: "How it works", "HelloLife stories", "How to get it", "Questions about retirement", "About us", and "Français". The main content area features a photograph of a man walking on a beach with a dog. Overlaid on the image is the text: "It's not just a financial product. Or a way to save for the future. But an all-encompassing program that sets you up with a spending plan that lasts all through your retirement years. It even allows for growth while giving you a guaranteed income." Below this text is a button with the text "say hello to HelloLife" and a play icon. A small circular icon with a downward arrow is located in the bottom right corner of the image.

It's not just a financial product. Or a way to save for the future. But an all-encompassing program that sets you up with a spending plan that lasts all through your retirement years. It even allows for growth while giving you a guaranteed income.

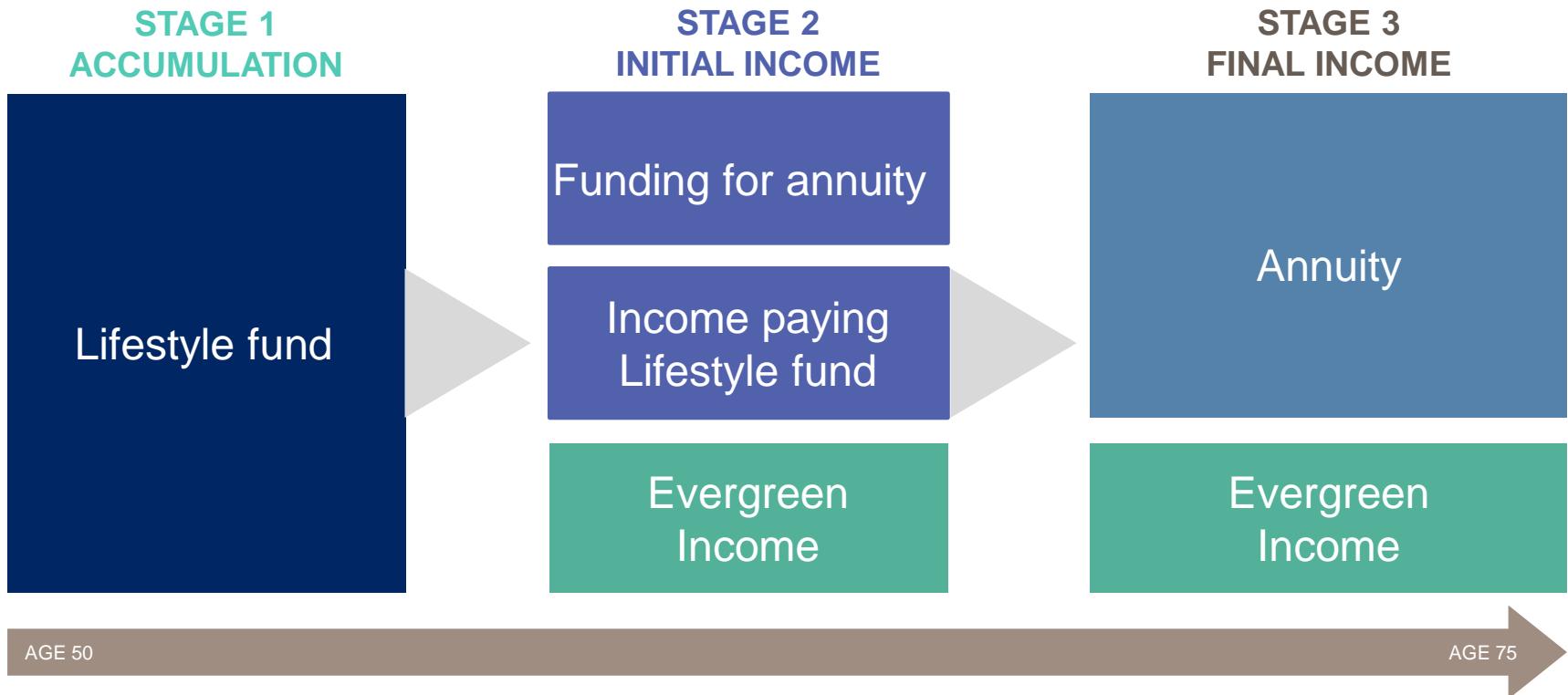
say hello to HelloLife

Is 75 the new 65?



A simple default retirement journey

– another potential option



DC Retirement – some thoughts for the employer

Both accumulation and decumulation are part of the same journey.

The retirement event is primarily driven by the employee – some phasing / easing likely.

Retirement Planning involves both financial & life-goals dimensions.

It's a lonely journey for the employee.

Starting the conversation early can be very helpful.



Irish Life is well positioned to deliver a full solution

ALREADY HAS ALL THE KEY BUILDING BLOCKS

#1 for ARF, #1 for Annuity

Lifestyle investment strategies that can adapt in retirement

Member engagement hub (pre & post-retirement)

LEADERS IN PERSONAL FINANCIAL PLANNING

>600 CFP / QFA Advisers.

70,000 full customer reviews in 2015

Net promoter score for advice = +43

A PERSONAL RETIREMENT LIFESTYLE GUIDE
MARIANNE HERON WITH PAUL BRITTON

Rewire don't Retire
YOUR PASSPORT TO A FULFILLING RETIREMENT

If you are thinking of retiring, recently retired or have retired and need some guidance



Sponsored by



& Active Retirement Ireland



A photograph of a person from behind, wearing a dark blue polka-dot sweater, sitting on a brown couch and holding a black remote control. They are looking towards a television screen which is mostly white. The background shows a wooden floor and a dark wooden coffee table.

WATCH THIS SPACE

Irish Life Assurance plc is regulated by the Central Bank of Ireland.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

Irish Life Financial Services Ltd. is regulated by the Central Bank of Ireland.

EMPOWERING

Google(RS)

FINANCIAL FREEDOM

SUSANNE WHYTE, GLOBAL BENEFITS - GOOGLE

GOOGLE IN 1998



GOOGLE IN 2016





IT STARTS AND ENDS WITH
A MISSION THAT MATTERS

Retirement is a **traditional concept**, an old one

It's about '**financial independence**' - but what does that mean to a 23 yr old?

Do employees have the **right tools** and **education** to make informed decisions about their retirement?

All people decisions are supported by science and data



The Juggling Act



Retirement myths ... busted!

SAVE for retirement.



(No Way!)



It matters.

The Science of Nudges

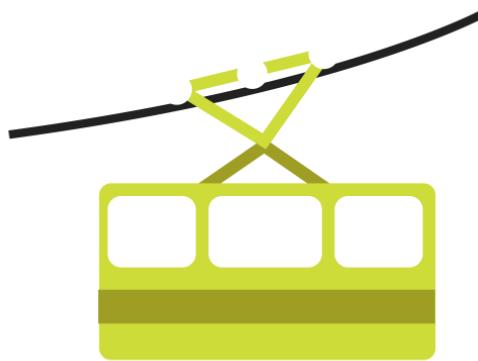


Here's how..

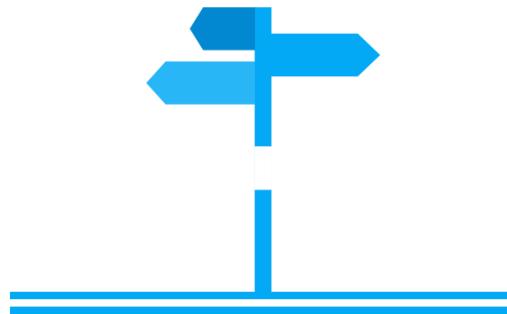
- Introduction of autoenrollment with contributions set to a maximum default rate with Google Company match
- Member contributions defaulted to the maximum default rate (if they weren't already) for all existing members
- Launch of new tools to make decisions simple, easy to navigate, accessible and to drive action
- A new personalized investment journey

all with the financial freedom to choose

Some of our simplest tools help us do this



Be My Guide



Help Me Decide



I'll Decide

What we've seen so far...

High level of engagement

Minimal opt out

Increase in AVCs

Appetite to save more

What's next?

Map and analyse current **benefit experience** and **effectiveness**

Understand Googlers needs --- continue the **personalised journey**

Improve saving **efficiency** and **effectiveness** through targeted engagement programs



SAVING FOR RETIREMENT IS THE MOST
IMPORTANT THING YOU DO



Thank you.